

**Town Council Minutes  
Morehead City, North Carolina**

**Wednesday, June 5, 2013  
Special Meeting/Budget Work Session**

The Honorable Council of the Town of Morehead City met in Special Session/Budget Work Session on Wednesday, June 5, 2013, at 8:00 a.m., in the Municipal Chambers located at 202 South 8<sup>th</sup> Street, Morehead City, North Carolina. Those in attendance were:

MAYOR:	Gerald A. Jones, Jr.
MAYOR PRO-TEM:	Harvey N. Walker, Jr.
COUNCIL:	George W. Ballou
	Bill Taylor
	Demus L. Thompson
	Diane C. Warrender [Left at 10:30 a.m.]
CITY MANAGER:	David S. Whitlow
CITY CLERK:	Jeanne M. Giblin
OTHERS:	Planning Director Linda Staab; Recreation Director Craig Lands; Human Resources Officer Susan Nixon; Finance Director Ellen Sewell; Library Director Sandy Bell; Fire/EMS Chief Jamie Fulk; Public Works Director David McCabe; Police Chief Wrenn Johnson; Mark Hibbs, Reporter, THE CARTERET NEWS TIMES; Carteret Sports Leadership Student Austin Fountain and Downtown Morehead City Revitalization [DMCRA] Tom Kies

**I. Special Meeting/Budget Work Session Call to Order**

Mayor Jones called the meeting to order at 8:00 a.m. He introduced West Carteret High School Junior Austin Fountain who was at the meeting to satisfy a requirement of the Carteret Sports Leadership Program.

**II. Employee Compensation Study Plan**

City Manager Whitlow distributed to the Council Members a draft of the proposed Compensation Plan from Springsted, Inc. which was received on June 4<sup>th</sup>. He explained that this draft gives the basis of what the consultants did in the study. He further stated that John Anzivino, the study consultant, will make a presentation of the total package to the Council. City Manager Whitlow explained some of the components of the study as to what communities were surveyed for salary comparisons, the methodology of the study and how the salaries were benchmarked both within and out of the organization. The three [3] essential components of the study were:

- Job Classification Compensation Study
- Job Descriptions
- An instrument for annual personnel evaluations.

Councilman Thompson stated that he did not want to adopt the budget before having the presentation on the Compensation Study.

Councilman Ballou shared this concern and stated that the City was looking at a \$.025 increase in the tax rate in order to fulfill the obligations of the study without having the opportunity to question the consultant on the study.

City Manager Whitlow suggested that 95 percent of those questions would be answered once the Council had the opportunity to review the draft study.

Mayor Jones stated he understood the Council's concerns, but he also sensed that the Council was in agreement that something had to be done to improve the employee's pay scale and that the Council should come to some type of consensus before June 30<sup>th</sup> when the budget had to be adopted.

Human Resources Officer Susan Nixon offered the following dates when John Anzivino would be available:

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|---|-----------|
| • June 13 <sup>th</sup>                                       | Afternoon |
| • June 14 <sup>th</sup>                                       | All Day   |
| • June 24 <sup>th</sup> , 25 <sup>th</sup> & 26 <sup>th</sup> | All Day   |

Councilman Taylor stated he would prefer to have the opportunity to review the final study before having to vote on it. He questioned if employees could be moved to different grade levels because of changed job classifications, and would the proposed budget suffice?

City Manager Whitlow replied that based on the estimates of what the study recommendations were, the impact would be minimal if any employee would move between the tiers. He continued that one would not see a position go from a Tier 6 to a Tier 15, perhaps just one [1] grade difference.

Mayor Jones reminded that the budget is based on 100 percent employment, however, there will always be vacancies which would mean funding for such changes.

**The Council concurred to set a Special Meeting on Friday, June 14<sup>th</sup>, 2013, at 1:00 p.m., in the Council Chambers located at 202 South 8<sup>th</sup> Street, Morehead City for the presentation of the Employee Compensation Study Plan by Consultant John Anzivino.**

Councilman Walker wanted to know the difference between a Director and Assistant Director with regard to the interim between the job tiers.

City Manager Whitlow explained how the different job descriptions were rated and the relative values of each position both within the department and within the organization.

Councilman Walker commented that the Compensation Study was needed for a long time and it was the goal of Morehead City to bring the employees into a more competitive job market.

City Manager Whitlow explained that the Compensation Study addressed:

- Internal equity
- Market competitiveness
- Compression.

The study consultants recommended a one [1] year implementation, but City Manager Whitlow recommended spreading the implementation of the study over three [3] years. To implement the complete study recommendations would necessitate a \$0.07 to \$0.085 tax increase for FY2013/2014.

### **III. FY2013/2014 Budget Overview Continuation**

City Manager Whitlow explained that the Morehead City Fire/EMS Department serves a Carteret County Fire District. The county imposes an ad valorem tax rate in that district and collects money to cover the Fire/EMS services. Morehead City has requested release of those funds, however, the county has not seen fit to do so. The Fire Commission has also set Fire/EMS District tax rates less than what Morehead City has requested. Meetings have been held with County Officials, however, to date Morehead City has no answer as to what the county will decide to do.

City Manager Whitlow stated that Morehead City receives the funds that the Fire Commission suggests and each year the City needs to transfer funds from the General Fund into the Fire/EMS Fund to cover expenses. Morehead City believes that the transfer of General Fund dollars is higher because Carteret County does not fund enough to cover the Fire/EMS services it receives from Morehead City. This insufficiency equates to \$107,000 in FY2013/2014. In the past, Morehead City has requested the county to set the rate at \$0.13 and release the collected funds to the City. In reply, Carteret County has twice lowered the Fire/EMS District rate.

Finance Director Ellen Sewell explained that last year after Morehead City had adopted their budget, the County Commissioners adopted their budget in late June and lowered the amount they would collect in the Fire District in the amount of approximately \$100,000. Morehead City was thus obligated to make up for the shortfall.

City Manager Whitlow further stated that Morehead City does not charge the Fire District for the value of having the water hydrants available while the county charges 5.5

cents [\$0.055] on the ad valorem rate. Were the City to charge for the value of the water it would be in excess of \$280,000 per year for its availability. The availability of water makes a great difference in insurance rates. The Fire District receives the benefit of the same fire insurance rate as the residents who live within Morehead City but are not paying for the value of the water or for the Fire/EMS services received.

On Page 93, City Manager Whitlow explained that three [3] additional full time fire responders are needed in FY2013/2014; with a goal of adding three [3] additional full time positions for the next four [4] years to get staffing to a comfortable level.

Fire/EMS Chief Jamie Fulk explained that the Department would like to have four [4] responders for three [3] shifts. At this point the Department has to take individuals off the fire trucks and place them on ambulance calls. This requested staff addition would place Morehead City more in line with national standards. On a question about the lack of personnel and the fire insurance rating, Chief Fulk stated that if the situation remains the same it will impact the next fire rating. The Department does have part-time and volunteer help, but this is getting less and less. Mutual aid between all county services is a big help, however, one is still not looking at an abundance of personnel.

Councilman Taylor commented that Morehead City is not receiving a full compensation from Carteret County and discussing adding more staff means more money coming from Morehead City residents which are subsidizing the county fire district.

City Manager Whitlow explained that in order to provide the level of service necessary, more personnel were needed. Oftentimes the fire truck shows up on ambulance calls simply because there is not enough personnel to answer an ambulance call. The Fire/EMS personnel in Morehead City are dual-certified, both ambulances offer advanced live support and all have paramedic training.

On Page 94, it was ascertained that Carteret General Hospital has indicated it would start charging for the linens used on ambulance calls, however, they will delay the charge for another year which would mean a deduction of \$10,000 from the line item for medical supplies. Chief Fulk reported that the Department will explore less expensive options for the linen service. Morehead City normally transports approximately 2,000 individuals per year. The ambulance fee is a flat fee. The uniform allowance is recommended at \$40 per person per month.

On Page 97, a defibrillator is recommended for one [1] quick response vehicle [QRV].

The Council took a ten [10] minute break.

On Page 125 regarding the Sanitation Fund, City Manager Whitlow explained that the City contracts for disposal of waste. The one [1] area for City staff is collection of yard waste. The Sanitation Budget will remain as the current year.

Mayor Jones explained that the Council directs the City Manager to prepare a budget, however, it is the Council's budget and it is up to them to vote yea or nay and make decisions.

City Manager Whitlow commented that the only specific item the Council changed was the \$600 conversion to natural gas at the Municipal Building to return it as a budget item.

To sum up, City Manager Whitlow stated that the requested positions are as follows:

1. An Assistant Director in the Public Works Department.
2. A Buildings & Grounds Maintenance Position.
3. Unfreeze the three [3] seasonal positions in the Public Works Department.
4. An additional Water Plant Operator.
5. Addition of two [2] Police Officers contingent upon the receipt of a COPS Grant.
6. Three [3] Fire/EMS Responders.

In terms of projects, those listed for FY2013/2014 are as follows:

1. Replacement of the floor in the gym at the Recreation Center.

2. Installation of the floor already purchased for the Train Depot.
3. 10<sup>th</sup> Street Boat Ramp Project where the sand has been accrediting.

As a note, the Jib Waterfront Project Phase I was budgeted in FY2012/2013.

The Council discussed the positions requested. Councilman Taylor commented that the unfreezing of the three [3] seasonal workers perhaps would offset some overtime. He requested that staff look at those figures.

Public Works Director McCabe commented that the seasonal workers are used for routine activities on weekends and evenings.

City Manager Whitlow commented that over the years, the Council has added a lot of facilities and parks which must be maintained. He further stated that the Council is aware of this because throughout the year, the Public Works Department receives requests from the Council to address various maintenance issues in different areas of Morehead City.

Public Works Director McCabe described how the Public Works Department was managed and stated that it depends on what the Department is committed to for that day. When something extra or special is requested, the workers are stopped from their normal routines to handle the requests.

City Manager Whitlow said that the requested employees are an effort to provide a higher level of maintenance for those areas which have been acquired.

Councilman Taylor stated that the first concern of the Council should be to the employees currently on the payroll. The economy is not great and he would prefer to focus on current employees.

Councilman Walker agreed that the focus should be on current employees.

Councilwoman Warrender commented that the budget situation is difficult because a \$0.01 increase over the past years would have placed Morehead City in a much better financial position. The Council wants to take care of the individuals who have been with the City and who deserve the pay raises in order to bring them up to what other localities pay. In the current situation, Morehead City is just training and then losing employees. She would also like relief for the Fire/EMS and Police Departments in terms of having more employees as citizens expect certain services.

Councilman Taylor agreed that there are significant safety issues having to work with less staff.

Councilman Ballou agreed that the Council needed to take care of the current staff. However, he would still like to look at the salaries across the board to make sure the Council is making the best decision before moving forward.

Councilman Thompson commented that having to do the tax increase in one [1] year is a concern to him. However, if the Council wants to do everything that is requested, the Council will have to stay with the tax increase as recommended for this year. He questioned if the pay raises could be accommodated without hiring new employees to save a few pennies on the tax rate.

Mayor Jones commented that Morehead City has remained at a flat rate for many years and is playing catch up at this time. He also wanted to take care of the Morehead City employees. The Council has “held the line” for the last four [4] to five [5] years and it is time to move forward. Morehead City needs to provide services for the citizens. A \$0.01 increase in the tax rate on a house evaluated at \$250,000 equates to \$25.00 per year. He voiced the opinion that there is not much difference between a \$0.03 tax increase to a \$0.04 tax increase.

Finance Director Ellen Sewell reported that the City will not have to appropriate all of the Fund Balance for capital projects only \$700,000; and that the Undesignated Fund Balance at the end of June 30, 2013, was estimated to be \$3.1 million. The City has spent less than what was budgeted in FY2012/2013 Budget. [Attached to and incorporated into

these minutes by reference is FY2012/2013 Budget Projections at May 31, 2013.]

Councilwoman Warrender commented that all of the requested additional positions were necessary. The Department Heads are asking for the minimum of what is needed. The City will need to address the employees who are retiring and the loss of their services.

City Manager Whitlow spoke about the Fund Balance and that the City was able to take advantage of opportunities because of having the funds available.

Councilman Ballou commented that before the Council looks at capital projects, the Council needs to take care of the employees.

Councilman Thompson concurred to take care of the employees and maintain the facilities the City currently has.

Mayor Jones commented that the City still is above the self-imposed minimum Fund Balance of \$2 million.

City Manager Whitlow assured the Council that there is not a department in the City that will not work with what the Council wants to make available, however, there are things needed. A budget is always a compromise document. The primary goal was to take care of existing employees, the second was new additional employees. The City staff was conservative in their approach to needs. The budget is less than the FY2012/2013 Budget. He cautioned about using the Fund Balance for recurring operating costs.

Public Works Director David McCabe commented that the employees recognize what the Council is facing and that a truly responsible approach was made on expenses. The City staff will work with whatever is made available. He continued that Morehead City is missing maintenance on streets and parks which could be addressed by the part-time help. There are issues also with the maintenance of the buildings and it would be a great value to have those new Public Works positions. The filling of the seasonal positions would be the priority.

Councilman Walker agreed that the three [3] seasonal positions were a necessity.

Police Chief Wrenn Johnson reported that the COPS Grant will not be funded. The two [2] additional positions last year placed the Police Department to where it was five [5] years ago in terms of manpower. The Department struggles to meet the demands of citizen's expectations. The Department currently has two [2] investigators, the same as 27 years ago. She continued that the Department needs a minimum of 54 people to manage compensation and overtime. There are currently 39 sworn officers in the Department where there should be at least 45 or 46. The Department is constantly busy 12 months a year and desperately needs investigators.

The Council discussed what new positions were absolutely necessary.

City Manager Whitlow reported that the budget is as minimalistic a budget as possible. Capital costs have been eliminated and there are no new projects. The goal was to deal with employee compensation and look at those positions which are necessary for operation.

**The Council set the date of Friday, June 14, 2013, at 1:00 p.m., in the Municipal Chambers located at 202 South 8<sup>th</sup> Street, Morehead City for a Special Meeting. The Agenda will be a presentation by John Anzivino of Springsted, Inc. on the Employee Compensation Study and adoption of the FY2013/2014 Budget.**

There being no further business, the meeting was adjourned at 12:10 p.m.

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Gerald A. Jones, Jr., Mayor

Attest:

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Jeanne M. Giblin, City Clerk